CABINET FOR HEALTH AND FAMILY SERVICES

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JAMES W. HOLSINGER, JR., M.D.
SECRETARY

January 20, 2004
Pharmacy Letter #A - 465

Dear Pharmacy Provider:

February 4, 2004, the Department for Medicaid Services will implement "cost avoidance" of pharmacy claims for Medicaid recipients who have other insurance coverage. All claims submitted on or after that date will be subject to the new editing process regardless of date of service. Claims submitted Point of Sale must be in the NCPDP 5.1 format. The following outlines the new process.

Any claim submitted on behalf of a recipient for whom other coverage exists must include third party payment information. If the MMIS indicates there is a liable third party, the claim payment will be denied for Edit 465 – "Recipient has other medical coverage. Bill other insurance first."

All claims denied with Edit 465 will be returned with the other insurance carrier name, policy number, insurance carrier telephone number, and policyholder name in "Message" field (504-F4).

Claims that have been presented to the other payer (third-party insurance carrier) may be submitted to Medicaid with either the TPL paid amount, "Other Payer Reject Code (field #472-6E), and/or "Other Coverage Code (field #308-C8).

Claims received with other payer reject codes "40", "64", "67", "68", "69", "70","73", "76" or an other coverage code "04" will not be edited for third-party coverage and the claim will pay accordingly.

Reimbursement will be calculated to pay up to the Medicaid allowed amount less the third-party payment.

PLEASE NOTE: No dispense fee will be paid on claims with a third party paid amount and Kentucky Medicaid will no longer pay a third party copay.

- Claims submitted with an "8" in the Prior Authorization /Medical Certification Code field (NCPDP 5.1 #416-DG) will bypass the TPL editing and pay with an Edit 464.

- Claims submitted on recipients under 21 (through the end of the recipient's 21st birth month) will bypass the TPL editing and pay with a 464.

DMS will monitor the new process to determine appropriate use of the other payer reject and coverage "override" codes. These codes and descriptions are attached.

If you have any questions, please contact the Unisys' Provider Relations Department at 800-807-1232.

Sincerely,

James W. Holsinger, Jr., M.D.
Secretary
JWH/deb

OTHER PAYER REJECT CODE
FIELD # 472-6E

"40" - Pharmacy not contracted with plan on date of service.
"65" - Patient is not covered.
"67" - Filled before coverage effective.
"68" - Filled after coverage expired.
"69" - Filled after coverage terminated.
"70" - Product/Service not covered.
"73" - Refills are not covered.
"76" - Plan limitations exceeded.

OTHER COVERAGE CODE
FIELD # 308-C8

"00" - Not specified.
"01" - No other coverage.
"04" - Other coverage exists – payment not collected.